

## **MISSOURI BUDGET AND LEGISLATIVE AGENDA**

### **Children Succeeding in School**

**“The combination of full accountability and the necessary resources to meet the standards we set will make Missouri’s public schools among the best in the nation. We cannot afford to settle for anything less. Our future depends on it.”**

**Governor Bob Holden**

The Holden administration’s top priority will always be K-12 education. Our children – and our ability to compete in the new economy of the 21<sup>st</sup> Century – depend on the state’s investment in public education. In his first year, Governor Holden accomplished the following to improve the state’s investment in public education:

- Budgeted a \$78 million increase to fully fund the state’s School Foundation Formula and At-Risk Program, bringing total funding to over \$2 billion.
- Signed legislation to require report cards on academic performance and school conditions at the building level. Senate Bill 575 and House Bill 865 were signed into law on June 14, 2001.
- Budgeted \$1 million in funding for a Character Education Initiative to help students understand their current and future responsibilities as citizens. Character Education programs emphasize the importance of universal values such as responsibility, respect, trustworthiness, fairness, caring, and citizenship.
- Budgeted additional funding for the A+ Schools Program that helps high schools increase student performance and provides scholarships for qualified students who might otherwise not obtain post-secondary education.
- Signed legislation to ensure that assets from criminal forfeiture cases benefit the School Building Revolving Fund. Senate Bill 5 was signed into law May 17, 2001.
- Established the Missouri Math Academy to develop a new middle school curriculum for teaching mathematics. The academy is expected to train 200 teachers in 2002 and 400 in 2003.

Throughout the past year’s budget reductions, Governor Holden has renewed his commitment to making elementary and secondary education the number one priority of his administration by ensuring that withholdings did not harm public schools or Missouri students. Governor Holden’s Fiscal Year 2003 budget demonstrates his commitment to improving the education and well-being of Missouri’s children by fully funding the School Foundation Formula. Governor Holden proposes initiatives to improve accountability, improve the education of students through various reform strategies, and expand opportunities for children with disabilities.

## FULLY FUNDING PUBLIC EDUCATION

In the Fiscal Year 2003 budget, Governor Holden's number one priority is to provide full funding for the state's primary assistance program for Missouri's 524 local school districts. Full funding of the Foundation Formula will assist public school districts in providing vital services while demonstrating the state's commitment to equip Missouri students with the tools they need to succeed in school. The Foundation Formula provides funds to:

- Improve student academic achievement.
- Increase teacher salaries which helps retain and attract qualified teachers.
- Assist with increasing operating costs outside the control of the district, such as utilities, supplies, and insurance.
- Lower class sizes.

- Provide professional development opportunities to teachers and school administrators.
- Provide resources for school districts to improve curriculum.

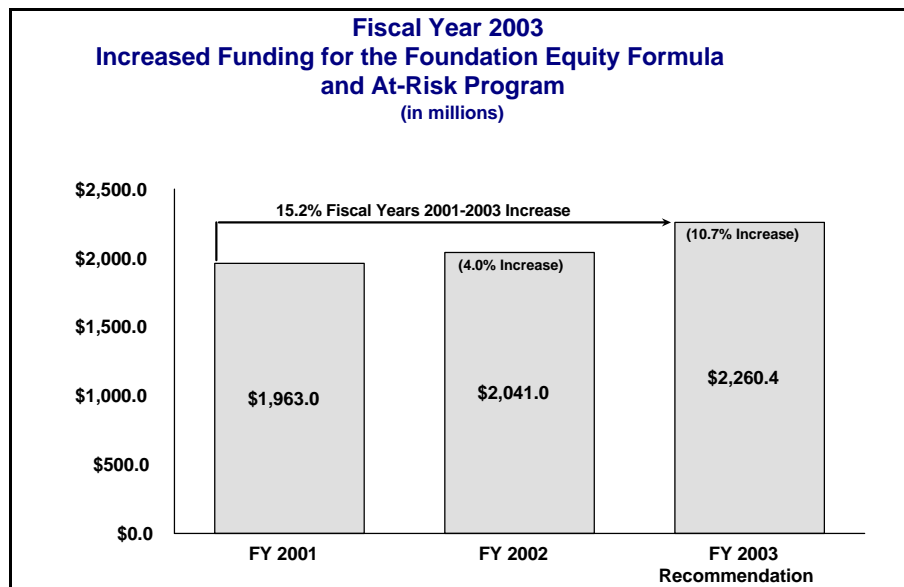
If not funded, school districts would encounter difficulties in retaining and attracting sufficient qualified teachers, keeping class sizes low, providing remediation and enrichment programs which help students succeed, and updating curriculum that will prepare students for the 21st Century.

The Governor recommends \$219.4 million, a ten percent increase, to continue full funding of the state's Foundation Formula for public education, bringing total funding to \$2.3 billion.

### **2002 Legislative Initiative Funding the Foundation Formula**

In order to fund the increasing costs of K-12 education, additional revenues are necessary. The Governor recommends continuing the state's successful use of gaming proceeds and other measures to support education by:

- Increasing admission fees to gaming boats by \$1. The current proceeds from the \$2 admission fee are shared equally by the state and the home dock city or county.
- Removing the current provision that limits to \$500 the amount riverboat gaming patrons may lose during each two-hour cruise. Missouri is the only state that employs a loss limit.
- Increasing the adjusted gross receipts tax on riverboat gaming from 20 to 22 percent. This tax is paid by riverboat operators on the amount lost by patrons.
- Requiring retailers to return to consumers amounts they have overcharged them for unauthorized sales tax collections. Overcharges not returned to consumers will be used to fund the school foundation formula.
- Reducing to 0.5 percent the retailers' discount for filing their sales taxes on time to offset the cost of collection. With advances in computer technology, this incentive is no longer justified.
- Offering time-limited tax amnesty to businesses and individuals who voluntarily agree to settle past debts to the state in return for elimination of interest and penalty charges.
- Introducing a new lottery game.



**STATE AID TO LOCAL SCHOOL DISTRICTS**  
**(Not Including Desegregation)**  
(in millions)

	<b>FY 2002 APPROPRIATION</b>	<b>FY 2003 RECOMMENDATION</b>
<b>School Foundation Program</b>		
Equity Formula and At-Risk	\$ 2,041.00	\$ 2,260.42
Transportation	162.06	162.06
Gifted	24.87	24.87
Special Education	149.62	149.62
Remedial Reading	11.10	11.10
Early Childhood Special Education	63.16	69.62
Career Ladder	38.34	38.34
Vocational Education	54.57	52.83
Parents As Teachers	36.40	30.31
Subtotal Foundation Program	\$ 2,581.12	\$ 2,799.17
<b>Other State Aid</b>		
A+ Schools Program	\$ 19.30	\$ 19.30
Technology Grants	16.73	12.97
Adult Literacy	0.52	0.52
Caring Communities	1.29	1.00
Safe Schools Grants	10.35	10.35
Proposition C Sales Tax	700.44	691.46
Fair Share Cigarette Tax	23.84	22.93
Free Textbook Fund	75.72	74.23
School Food Program	3.48	3.46
VIDEO Fund	1.09	0
Read to be Ready Grants	6.70	0
Special Ed. Excess Cost/Severe Disability	1.30	0
Early Childhood Program	15.14	15.14
DFS/DMH School Placements	5.26	7.34
Subtotal Other State Aid	\$ 881.16	\$ 858.70
<b>Total State Aid to Local Schools</b>	<b>\$ 3,462.28</b>	<b>\$ 3,657.87</b>

## Lottery Proceeds for Education

Article III, Section 39(d) of the Missouri Constitution, approved by voters in August 1992, requires all net proceeds from the State Lottery be appropriated solely for elementary, secondary, and higher education. During Fiscal Year 2003, \$185.8 million will be available from lottery revenues for education. The Governor recommends \$111.3 million to support programs in the Department of Elementary and Secondary Education and \$74.5 million to support programs in the Department of Higher Education. The Governor recommends allocating estimated lottery revenues as follows:

### ONGOING BUDGET

<u>ELEMENTARY AND SECONDARY EDUCATION</u>	
• Character Education	\$ 994,998
• A+ Schools	2,218,484
• * A+ Schools	1,594,896
• Safe Schools/Alternative Schools	5,050,000
• Advanced Placement/Dual Credit	860,048
• Information Technology Grants	500,000
• * Information Technology Grants	6,500,000
• * Foundation Formula	23,071,508
• Transportation	
54,747,609	
• * Early Childhood Special Education	6,460,897
• Special Education	3,762,000
• Gifted	198,351
• DFS/DMH Public Placements	2,083,935
• Research Contract	110,880
• Early Grade Literacy	145,000
• State Schools Operating Maintenance and Repair	370,000
• Vocational Rehabilitation	1,400,000
• Minority Scholarships	200,000
• Scholars Academy	158,156
• Test Development	874,321
SUBTOTAL	\$ 111,301,083
<u>HIGHER EDUCATION</u>	
• Four-Year Institutions Operations	\$ 44,870,530
• Four-Year Institutions Operating Maintenance and Repair	20,992,295
• Community Colleges Operations	3,404,617
• Community Colleges Operating Maintenance and Repair	2,291,975
• * Missouri Bibliographic Information User System	189,500
• * Missouri College Guarantee Program	2,750,000
SUBTOTAL	\$ 74,498,917
<b>TOTAL ONGOING</b>	<b><u>\$ 185,800,000</u></b>

## Riverboat Gaming Proceeds for Education

All riverboat gaming proceeds in excess of the amount transferred to the school district bond fund must be transferred by law to the state school moneys fund for the foundation formula. For Fiscal Year 2003, the Governor recommends transferring \$5.3 million in gaming proceeds to the school district bonds fund for use by the Missouri Health and Education Facilities Authority (MOHEFA) to pay costs associated with school bond issues and credit enhancement. The Governor recommends that the remaining \$312 million be transferred to the state school moneys fund.

### **2002 Administrative Initiative Gaming Proceeds for Education**

Governor Holden's Fiscal Year 2003 budget continues investment of lottery and riverboat gaming proceeds in education. There are continuing questions by voters, educators, and legislators as to whether all mandated proceeds are appropriated where they should be. To ensure Missouri voters that their directive on gaming proceeds is adhered to, Governor Holden will request that the State Auditor annually:

- Conduct an audit of all lottery and riverboat gaming proceeds.
- Review all constitutional and statutory requirements on where proceeds are legally mandated to go.
- Complete these audits by December 31 of each year.

# INCREASING ACCOUNTABILITY AND FLEXIBILITY

## High Performing Schools

Currently 93 percent of Missouri's public school districts are accredited; 74 percent are meeting performance standards at an accredited level. The Governor will recognize schools and school districts that are identified as demonstrating high student achievement as High-Performing Schools.

Governor Holden recognizes the need to reduce administrative oversight on High-Performing Schools that have a proven record of success. In order to address this, the Governor proposes the Department of Elementary and Secondary Education continue to implement waivers from certain administrative rules and requirements for these High-Performing Schools. This could include exemption from such current requirements as on-site accreditation reviews. Waivers will allow staff and teachers in these districts to focus on classroom instruction. It will also reduce the burden of collecting documentation and spending time organizing for an on-site review.

## Educational Accountability

Every child is entitled to a quality education. Governor Holden is committed to fully fund the Foundation Formula, but it cannot continue to be a "blank check." Governor Holden has called on the legislature and school district administrators to make our schools more accountable to Missouri taxpayers.

For schools that are not meeting state academic standards, the Governor proposes accountability measures that require districts to concentrate their resources explicitly on improving their students' educational performance. Governor Holden is committed to improving the quality of education in these Priority Schools and School Districts and believes that this common sense approach to accountability will lead to better student achievement.

Priority schools are identified as:

- Unaccredited school districts.

- Provisionally accredited school districts.
- School districts with one or more academically deficient schools.
- Schools in accredited school districts that do not meet any of the academic performance standards measured by the Missouri Assessment Program (MAP) tests.

Governor Holden recommends refocusing \$1 million of existing funding for the Caring Communities Program to support Priority Schools. Since the tight budget does not allow full funding of existing programs, it is necessary for the state to focus its funding in areas that need it the most. Targeting funding for Priority Schools will help increase student achievement, while building necessary supports with teachers, parents, and the community.

## Accountability Compliance Statements

An estimated 90 schools and school districts would currently qualify as Priority Schools or School Districts under the Governor's plan. In order to receive money from the state Foundation Formula, Priority School Districts will be required to submit an Accountability Compliance Statement to the state Department of Elementary and Secondary Education. The goal of the statement is to clearly identify and analyze areas where a school or school district is not meeting academic standards and outline specific, comprehensive strategies for correcting these problems.

To be approved, a Priority District's strategies must be identified to address all of the following:

- Weaknesses in curriculum.
- Teacher and administrator competencies. Teachers and administrators will have several options, but demonstrating competency may require some educators in Priority Schools and School Districts to demonstrate their knowledge and competency before salary increases are granted.

- Redirection of the district's one percent professional development funds toward areas where the district is not meeting academic standards.
- Provision of additional academic support, including more class time for low-performing students who do not pass existing MAP tests and retesting.
- Creation of a School Accountability Council made up of parents, staff, and community leaders.
- Sharing the Accountability Compliance Statement with parents and the community.

A district's performance strategies must also include a plan to reallocate existing resources to address specific academic needs. The plan must incorporate at least one or more of the items, which are proven to increase student performance, from the following list of reform measures.

## Quality Teachers

The quality of teaching is one of the chief determinants of a student's academic performance. School districts must provide incentives for teachers to maintain and strengthen their professional skills. Teachers and principals in Priority Schools will be required to demonstrate that they have the knowledge and skills necessary to provide a quality education for their students. The National Board for Professional Teaching Standards (NBPTS)<sup>TM</sup> certification process presents a rigorous challenge for teachers. Governor Holden supports national certification as an innovative professional development tool for teachers.

To improve teacher quality, the state needs to invest in professional development. The Governor has worked with the State Board of Education to partner with local school districts, using existing programs, to increase the number of teachers meeting national board standards. Teachers who pursue NBPTS

## Best Practice Measures

- Reducing class sizes in academic problem areas. This allows teachers more time for individual student attention.
- Providing preschool and full day kindergarten programs. This enables young children to get off to a good start.
- Extending learning time for low-performing students through after-school programs, summer school, and one-on-one tutoring. This gives under-performing students the help they need to improve their chances of success.
- Hiring advanced teacher specialists, such as National Board Certified teachers, in academic problem areas. Financial incentives will be provided to these specialists. This provides additional attention to those subject areas where improvement is necessary to address poor achievement.
- Reducing school size or establishing smaller schools within a school. This creates opportunities to improve learning environments.

## **2002 Legislative Initiative Accountability for Missouri Schools**

To ensure Missouri taxpayer investment in public schools provides a quality education for all children, Governor Holden proposes legislation to create an accountability system that rewards High-Performing Schools and focuses existing resources on schools that are not meeting academic standards. The Governor's proposal will:

- Outline means for recognizing High-Performing Schools and School Districts.
- Allow the Department of Elementary and Secondary Education to waive certain rules and administrative reporting requirements for school districts with High-Performing Schools.
- Provide criteria for identifying Priority School Districts and Priority Schools that do not meet state accreditation or academic standards.
- Require Priority School Districts to submit an Accountability Compliance Statement. Statements must identify areas of underperformance by school, grade, and content area. Specific strategies for correcting deficiencies must be included.
- Require Priority Schools to address deficiencies, improve teacher and administrator competencies, and reallocate resources to address academic performance needs.
- Allow the State Board of Education to establish standards to evaluate Accountability Compliance Statements.
- Direct the Department of Elementary and Secondary Education to withhold state funds

certification are eligible to receive about three-fourths of the cost of the demanding application and assessment process. Many school districts cover the balance of the cost of the certification process because they know it is an excellent and economical way to encourage, recognize, and reward teachers.

Teachers in Career Ladder districts who have demonstrated their expertise and commitment to excellence through the NBPTS process are eligible to receive salary supplements of up to \$5,000. This gives teachers the option of meeting these standards in lieu of other Career Ladder requirements. Non-Career Ladder districts can receive state approval to receive matching reimbursement for the additional salary supplement for teachers achieving national board certification. Priority Districts will also be able to use a portion of new federal Improving Teacher Quality grants to assist teachers in achieving certification. This partnership has maximized the use of existing Career Ladder funding to address teacher quality and NBPTS certification.

As of January 2001 Missouri has 75 NBPTS certified teachers. The Governor maintains his goal of gaining certification for 1,000 Missouri teachers. Legislative authority and additional funding will be required to expand the certification program statewide. Meanwhile, the Governor will continue to work within existing budgetary means and authority to maximize the availability of NBPTS certification for teachers in Priority Schools.

The Governor's Fiscal Year 2003 budget includes the following to enhance teacher quality:

- \$23.2 million in federal funds for the Improving Teacher Quality Grants Program. This funding implements professional development activities at the local level which are focused on improving student achievement.



- \$14.9 million in federal funds for the Reading First Grant Program. The program will provide resources to school districts for teacher professional development with the focus on reading instruction. It serves students in the primary grades and supplies reading materials to be used for instruction.
- \$18.8 million, an additional one percent of the total foundation formula appropriation, will be targeted to statewide areas of critical need. One percent of a school district's foundation formula money is currently allocated for professional development for teachers.

### **School-Health Partnerships**

If children do not feel well or cannot get basic health services, their ability to learn is greatly impaired. Missouri is participating in a National Governors Association initiative to improve the health for all Missouri school children through a coordinated school health delivery system. In 2002 Governor Holden will form a team to determine the current status, structure and strengths of, and barriers to, coordinated school health programs in all state agencies. The team will then write a comprehensive action plan to address health-related barriers to children learning. The plan will guide a statewide effort to improve school health services.

### **Educational Services for Children with Special Needs**

The Fiscal Year 2003 budget includes \$11.5 million to provide educational services for children with special needs. Governor Holden recommends:

- \$6.5 million for Early Childhood Special Education for educational services provided to three- and four-year-old children with disabilities, bringing total state funding to \$69.6 million.
- \$2.9 million to provide early intervention services for developmentally delayed infants. This increase brings total state funding to \$9.1 million.
- \$2.1 million for payments to public schools for educating students placed by the Division of Family Services and the Department of Mental Health.

### **Reader's Digest Grant to Improve Student Achievement**

Effective educational leadership in our schools is one of the critical ingredients for improving student achievement. Missouri is fortunate to be one of 15 states selected by the Wallace-Reader's Digest Funds to participate in a national effort to help superintendents and principals improve student learning. The state will receive \$250,000 over three years to develop innovative policies and programs for recruiting, training, and retaining school principals. The project is being led by a national consortium consisting of the Council of Chief State School Officers, the National Governors Association, the National Conference of State Legislatures, the National Association of State Boards of Education, and the Education Commission of the States.